

Review of Rent Models for Social and Affordable Housing

NSW Government Response to IPART Final Report and Recommendations

4th September 2017

The Independent Pricing and Regulatory Tribunal's (IPART) review of rent models for social and affordable housing was a commitment by the NSW Government under *Future Directions for Social Housing in NSW* (Future Directions).

Future Directions is a long term strategy that sets out the NSW Government's vision for transforming the social housing system. The *Future Directions* strategy is underpinned by more social housing, more opportunities, support and incentives to avoid and leave social housing and a better social housing experience.

In June 2016, the former Premier wrote to IPART instructing it to undertake a review of social and affordable housing rent models. The Terms of Reference asked IPART to recommend an appropriate rent setting framework that improves incentives for workforce participation. IPART was also asked to consider eligibility criteria, waitlist prioritisation policies and other subsidised housing assistance.

IPART released its final report to the Minister on 6 July 2017. It contains 29 recommendations about changes that could be made to the social housing system in NSW.

The NSW Government is conscious of the need to ensure affordability for tenants. Accordingly, it does not support changes to the assessment of Family Tax Benefits Part A & B (FTB) and the Pension Supplement for the purposes of assessing a household's contribution to rent. These recommendations would have had a significant impact on affordability for social housing tenants, particularly those who receive both FTB and the Pension Supplement.

The NSW Government supports IPART's recommendation for the development of a Social Housing Strategy which would provide clarity and certainty to the sector, and encompass the various support services needed to ensure the system can flexibly respond to client needs to improve the lives of tenants.

The NSW Government also supports in principle IPART's recommendations for the Aboriginal Housing Office (AHO) to continue to transition Aboriginal community housing providers (ACHPs) to the same funding and rent models as other community housing providers. The Build and Grow Aboriginal Community Housing Strategy will undergo evaluation in 2018 to build on the positive outcomes achieved so far. The evaluation, which will be incorporated into a new Aboriginal housing strategy, will focus on the most appropriate rent model and ensuring that housing provides greater opportunity for Aboriginal people.

The AHO accepts the recommendation that data collection and monitoring of rents should be improved and has commissioned the development of a new IT system to achieve this. These recommendations align with the NSW Government's planned national review of the regulatory system that governs community housing providers, which is being undertaken in 2018. Data collection will be a key focus of that review.

There are some recommendations that, in part, the NSW Government is already undertaking, such as competitive tendering, ensuring dwellings are suitable to household's needs and allocating housing to priority clients.



Next steps

The NSW Government will further consider the IPART recommendations as part of its ongoing social housing strategy development.

The NSW Government has a strong and positive vision for a sustainable and responsive social housing system which houses those most in need, provides quality support services to tenants, and builds the capability of community housing providers.

It is crucial to ensure that the social housing system continues to provide a safety net for the most vulnerable in our community. It is also a priority of the NSW Government to provide the right supports, opportunities and incentives to help those who can move towards housing independence, and to ensure that the system is sustainable. The NSW Government will only consider and implement changes to the system that are fair and help to improve people's lives.